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**UNITED STATES BANKRUPTCY COURT**

**CENTRAL DISTRICT OF CALIFORNIA**

**LOS ANGELES DIVISION**

In re

Seaton Investments, LLC,

Debtor,

Case No. 2:24-bk-12079

Chapter 11

**LIMITED OBJECTION TO DEBTOR'S  
MOTION FOR JOINT  
ADMINISTRATION**

Date: March 25, 2024

Time: 11:00 a.m.

Ctrm.: Courtroom 1368

255 E. Temple St.

Los Angeles, CA 90012

1           **TO THE HONORABLE VINCENT P. ZURZOLO, UNITED STATES**  
2           **BANKRUPTCY JUDGE, THE DEBTORS, ITS COUNSEL, AND ALL PARTIES IN**  
3           **INTEREST:**

4           Korth Direct Mortgage Inc. (“**Korth**”), creditor of Debtors Colyton Investments LLC  
5           (“**Colyton**”) (Case No. 2:24-bk-12080-VZ), Seaton Investments, LLC (“**Seaton**”) (Case No. 2:24-  
6           bk-12079-VZ), Alan Gomperts (“**Gomperts**”) (Case No. 2:24-bk-12074-VZ), Susan Halevy (“**S.**  
7           **Halevy**”) (Case No. 2:24-bk-12076-VZ), and Daniel Halevy (“**D. Halevy**”) (Case No. 2:24-bk-  
8           12075-VZ)<sup>1</sup>, in the above-captioned Chapter 11 bankruptcy case, respectfully submits this limited  
9           objection (the “**Limited Objection**”) to Debtor Seaton’s *Notice of Motion and Motion for Joint*  
10          *Administration* [Docket No. 4] (the “**Joint Administration Motion**”) and states as follows:

11          **I. BACKGROUND**

12           1. As introduced in the Joint Administration Motion, between 2021 and 2022, Debtors  
13          Colyton and Seaton entered into two loans with KDM California, LLC<sup>2</sup> totaling \$37,100,000.00 in  
14          the original principal amount (the “**Korth Loans**”). (Joint Administration Motion, at p. 9).

15           2. Debtors S. Halevy, D. Halevy, and Gomperts (together, the “**Guarantors**”) provided  
16          personal guaranties to the Korth Loans (the “**Guaranties**”). (*Id.*)

17           3. On March 18, 2024, the Guarantors each filed voluntary petitions for relief under  
18          chapter 11 of the Bankruptcy Code. (*Id.*, at pp. 6-7); designated as Case Nos. 2:24-bk-12074-VZ,  
19          2:24-bk-12076-VZ, and 2:24-bk-12075-VZ, respectively (Docket No. 1).

20           4. On March 19, 2024, Colyton and Seaton each filed voluntary petitions for relief  
21          under chapter 11 of the Bankruptcy Code. (*Id.*); designated as Case Nos. 2:24-bk-12079-VZ and  
22          2:24-bk-12074-VZ (Docket No. 1) (respectively, the “**Colyton Petition**” and the “**Seaton**  
23          **Petition**”).

24  
25           \_\_\_\_\_  
26          <sup>1</sup> Colyton, Seaton, Gomperts, S. Halvey, and D. Halvey, together with Broadway Avenue  
27          Investments, LLC (Case No., 2:24-bk-12801-VZ), SLA Investments, LLC (Case No. 2:24-bk-  
28          12082-V), and Negev Investments, LLC (Case No. 2:24-bk-12091-VZ), are hereinafter referred  
to collectively as the “**Debtors**”.

<sup>2</sup> Korth is an assignee of KDM California, LLC.

5. Both the Colyton Petition and the Seaton Petition describe the debtor's business as a Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B)). (Colyton Petition, Docket No. 1, ¶ 9; Seaton Petition, at Docket No. 1, ¶ 9).

## II. LIMITED OBJECTION

1. The Joint Administration Motion states that joint administration is warranted to "avoid unnecessary costs and delay" and will promote "efficient administration" of the related Debtors' cases. (Joint Administration Motion, at p. 13). Korth agrees and does not oppose the joint administration of the Debtors' bankruptcy estate for purely procedural purposes.

2. However, the Joint Administration Motion goes on to state that "[o]n a substantive level, the Debtors intend to file and confirm a single joint plan of reorganization for all of their cases" as the "Debtors' courses through bankruptcy are inextricably tied together." (*Id.* at p. 14). Korth wants to make clear that the matter of the allowability of the Debtors proposing a single plan is not before the Court in this Motion, and objects to any attempt by Debtors to use joint administration of the cases to evade the accelerated deadlines placed on Colyton and Seaton as Single Asset Real Estate ("SARE") Debtors.

3. Colyton and Seaton have each unambiguously elected to be treated as SARE Debtors on each of their petitions. (Colyton Petition, at Docket No. 1, ¶ 9; Seaton Petition, at Docket No. 1, ¶ 9). As SARE Debtors, the automatic stay against the Seaton/Colyton Buildings (as defined by the Joint Administration Motion) terminates ninety (90) days after the bankruptcy filing unless the debtor either files a confirmable plan of reorganization or commences monthly interest payments to its secured lenders. 11 U.S.C. § 362(d)(3). Korth respectfully objects to any attempt by the Debtors to circumvent the strict ninety (90) day limit on the automatic stay by attempting a filing of a joint plan of reorganization with the Guarantors on a regular, non-expedited schedule.

4. Similarly, Korth objects to any attempt by the Debtors to use joint administration of the Debtors' bankruptcy estates as a "backdoor" to substantive consolidation without proper notice, motion, and opportunity to be heard regarding the same. *Matter of Transwest Resort Properties, Inc.*, 881 F.3d 724, 731 (9th Cir. 2018) ("Joint administration is a tool of convenience;

1 ‘[t]here is no merging of assets and liabilities of the debtors,’ and ‘[c]reditors of each debtor  
2 continue to look to that debtor for payment of their claims.’ By contrast, substantive consolidation  
3 replaces ‘two or more debtors, each with its own estate and body of creditors,’ with ‘a single  
4 debtor, a single estate with a common fund of assets, and a single body of creditors.’”) (internal  
5 citations omitted); *In re Amdura Corp.*, 121 B.R. 862, 868 (Bankr.D.Colo. 1990) (noting that  
6 “joint administration does not create a substantive consolidation” of debtors). To that effect,  
7 Korth reserves its rights to oppose any future motion to substantively consolidate the Debtors, or  
8 that otherwise affects Korth’s substantive rights.

9 **III. CONCLUSION**

10 WHEREFORE, Korth respectfully requests (i) that any joint administration of the Debtors’  
11 bankruptcy estate be limited to procedural efficiency and convenience, and (ii) any such other relief  
12 as the Court deems just and equitable.

13  
14 Dated: March 22, 2024

**POLSINELLI LLP**

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16  
17 By: /s/ Tanya Behnam

Tanya Behnam

*Attorneys for Korth Direct Mortgage Inc.*

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:  
2049 Century Park East, Suite 2900, Los Angeles, CA 90067.

A true and correct copy of the foregoing document entitled (*specify*): **LIMITED OBJECTION TO DEBTOR'S MOTION FOR JOINT ADMINISTRATION** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On March 22, 2024, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On March 22, 2024, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served):** Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on March 22, 2024, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

**VIA FEDERAL EXPRESS, PRIORITY OVERNIGHT DELIVERY and EMAIL**

Honorable Vincent P. Zurzolo  
United States Bankruptcy Court  
Central District of California  
Edward R. Roybal Federal Building and Courthouse  
255 E. Temple Street, Suite 1360 / Courtroom 1368  
Los Angeles, CA 90012

☒ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

March 22, 2024

Date

Cindy Cripe

Printed Name

Signature



**ATTACHMENT TO SERVICE LIST**

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)**

Tanya Behnam on behalf of Creditor Korth Direct Mortgage Inc.  
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**3. SERVED BY EMAIL**

**Counsel for Debtor**

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**Counsel for United States Trustee**

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**Honorable Vincent P. Zurzolo**

[chambers\\_vzurzolo@cacb.uscourts.gov](mailto:chambers_vzurzolo@cacb.uscourts.gov)

**3. SERVED BY PERSONAL DELIVERY**

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